## REMARKS

### I.     Summary of the Office Action and this Reply

Claims 1-31 are pending. The Examiner has rejected claims 1-31 under 35 U.S.C. §102(e), asserting that such claims are anticipated by U.S. Patent No. 7,016,870 to Jones et al. ("Jones").

### II.     Discussion

### U.S. Patent No. 7,016,870 to Jones et al.

Jones discloses a financial advisory system in which return scenarios for optimized portfolio allocations are simulated interactively to facilitate financial product selection. Return scenarios for each asset class of a plurality of asset classes are generated based upon estimated future scenarios of one or more economic factors. A mapping from each financial product of an available set of financial products onto one or more asset classes of the plurality of asset classes is created by determining exposures of the available set of financial products to each asset class of the plurality of asset classes. In this way, the expected returns and correlations of a plurality of financial products are generated and used to produce optimized portfolios of financial products. Return scenarios are simulated for one or more portfolios including combinations of financial products from the available set of financial products based upon the mapping. Abstract.

### III.     Response to 102 Rejections

A rejection under 35 U.S.C. §102 is proper only if each and every element of the

claim is found in a single prior art reference.  MPEP § 2131.  The Examiner has

rejected claims 1-31 under 35 U.S.C. §102(e), asserting that each and every element of

these claims are found in Jones.


## Claims 1, 2, 4-8 and 13-15

Independent claim 1 is directed to a computer-implemented method of

rebalancing a portfolio of assets to achieve optimality.  The claimed method includes

"transmitting to a customer an alert message . . . and a list of recommended rebalancing

transactions" and "receiving from the customer a single response to the transmitted alert

message; and automatically implementing the list of recommended rebalancing

transactions based on the received customer's response."

Jones discloses that:

> the financial advisory system 100 may provide an initial diagnosis based
> upon the user's risk preference, savings rate, and desired risk-return
> tradeoffs. This diagnosis can result in a series of suggested actions
> including: (1) rebalance the portfolio, (2) increase savings, (3) retire later,
> or (4) adjust investment risk.  Jones, col. 6, lines 38-44.

However, in contrast to the present invention, Jones' system does not provide a

specific "list of recommended rebalancing transactions" as required by claim 1.  In

accordance with the present invention, it is the listed rebalancing transactions provided

by the system that may be automatically implemented in very simple fashion by the

investor by providing a single response (e.g., a single action such as a click of a mouse)

in response to the alert message.

In contrast to the claimed invention, Jones requires the user to perform much

more complex iterative "tinkering" with portfolio parameters until the user is satisfied with

3

a desired portfolio forecast and performance distribution, etc. as described in the quoted

portion of Jones below:

> An iterative process may then begin in which the user may adjust his/her
> investment risk, savings rate, and/or retirement age and have the financial
> advisory system 100 evaluate the projected performance of an optimized
> portfolio given the financial products available to the user based on the
> currently selected risk tolerance, investment horizon and savings rate
> decisions. This process of the financial advisory system 100 providing
> advice and/or feedback and the user adjusting risk, savings, and
> retirement age parameters may continue until the user has achieved a
> desired portfolio forecast and performance distribution. At this time, the
> user may chose to implement the optimal portfolio. The parameters and
> portfolio allocation may then be saved by the financial advisory system
> 100 for future user sessions.  Col. 6, lines 44-58.

In contrast to the single response of the claimed invention, the need in Jones for

the user's iterative process is repeated elsewhere in Jones:

> Based upon the alerts generated by the ongoing plan monitoring, the user
> may again begin the iterative process of adjusting the decision variables
> described above (e.g., risk level, savings rate, and retirement age) until
> the user is satisfied with the likelihood of meeting his/her goal(s). Col 7,
> lines 7-12.

> Various other conditions are contemplated that may cause alerts to be
> generated. For example, if the nature of the financial products in the
> currently recommended portfolio have changed such that the risk of the
> portfolio is outside the user's risk tolerance range, the user may receive
> an indication that he/she should rebalance the portfolio. . . .
> The UI module 345 provides mechanisms for data input and output to
> provide the user with a means of interacting with and receiving feedback
> from the financial advisory system 100, respectively.  Col. 12, lines 47-60.

> According to one embodiment of the present invention, based upon the
> user's preference among the decision variables, the system may offer
> advice regarding which decision variable should be modified to bring the
> portfolio back on track to reach the one or more financial goals with the
> desired probability. In addition, the system may recommend a reallocation
> to improve efficiency of the portfolio. An alert may be generated to notify
> the user of the advice and/or need for affirmative action on his/her part.
> As described above, the alert may be displayed during a subsequent user
> session with the financial advisory system 100 and/or the alerts may be
> transmitted immediately to the user by telephone, fax, email, pager, fax, or
> similar messaging system.

Although Jones' system is an analysis tool that may offer advice regarding decision variables, or may suggest reallocation (e.g. from 60/40 stock/bonds to 20/80 stock/bonds), the user is notified of the need for <u>affirmative action on the part of the user</u>. There is no teaching or suggestion of the <u>system's</u> presentation of a list of specific rebalancing transactions (e.g. in order to rebalance, sell 200 shares of IBM stock and buy $1257 of a municipal bond fund VYHDX.) Further, there is no teaching or suggestion that the user can cause automatic rebalancing of a portfolio responsive to a single response, such as the click of a mouse.

There is no disclosure in Jones that the user's <u>implementation</u> of the "optimal portfolio" is performed in anything other than a conventional manner, e.g. by selecting a particular stock to buy or sell, determining a quantity, preparing a buy/sell order, communicating the order, etc., then turning to a next stock and repeating the process, etc. This is avoided according to the present invention, in which <u>the system provides a list</u> of specific rebalancing transactions that <u>the user can accept and have automatically implemented upon a single response</u>, such as the click of a mouse.

Claims 2, 4-8 and 13-15 depend from claim 1 and is likewise patentable.

For at least these reasons, the claimed invention is neither taught nor suggested by the cited art. Reconsideration and withdrawal of the rejection of claims 1, 2, 4-8 and 13-15 are requested respectfully.

## Claim 3

Claim 3 depends from claim 1 and is likewise patentable.  In addition, claim 3 recites "automatically retransmitting the alert message and the list of recommended rebalancing transactions to the customer via a second customer-defined communications method if the step of transmitting via the first communications method was not successfully executed."  Although Jones discloses that "alerts may be transmitted immediately to the user by telephone, fax, email, pager, fax, or similar messaging system" (Col. 28, lines 33-37), Jones is devoid of any teaching of automatically retransmitting an alert message to via secondary method if a first method is not successfully executed.

For at least these reasons, the claimed invention is neither taught nor suggested by the cited art.  Reconsideration and withdrawal of the rejection of claim 3 are requested respectfully.

## Claims 9-12

Claims 9-12 depend from claim 1 and are likewise patentable.

In addition, claim 9 recites "generating execution instructions based on the list of recommended rebalancing transactions; and transmitting the execution instructions to an electronic trading system, whereby the list of recommended rebalancing transactions are electronically executed."  Jones is devoid of any disclosure teaching or suggesting anything other than a conventional trading scenario in which a user takes affirmative actions to effect transactions in a conventional manner.

Claim 10 recites that the customer's response that results in automatic implementation of the list of rebalancing transactions is "contained in a return e-mail from the customer, wherein the return e-mail includes a transaction number identifying the list of recommended rebalancing transactions." Although Jones discloses that alerts may be transmitted immediately to the user by email (Col. 28, lines 33-37), Jones is devoid of any disclosure that an investor may respond by an email including a transaction number identifying a list of recommended rebalancing transactions and thus cause automatic implementation of the list of transactions.

Claim 11 recites that the customer's response is received on paper and includes an optical code for retrieving the list of recommended rebalancing transactions. Jones is devoid of any disclosure involving such an optical code.

Claim 12 recites that the customer's response is received as a voice sound that is recognized using a voice recognition device. Jones is devoid of any disclosure involving such voice response and voice recognition.

For at least these reasons, the claimed invention is neither taught nor suggested by the cited art. Reconsideration and withdrawal of the rejection of claims 9-12 are requested respectfully.


## Claims 16-28

Independent claim 16 recites a second unit for transmitting the alert message and the list of recommended rebalancing transactions to the customer, receiving a single response of the customer to the transmitted alert message, and automatically implementing the list of recommended rebalancing transactions based on the received

customer's response. Thus claim 16 is patentable for reasons similar to those set forth

above for claim 1.

Claim 17 depends from claim 16 and is likewise patentable.

Claim 18 is patentable for reasons similar to those set forth above for claim 3.

Claims 19, 20 and 21, 22, 23, 24 and 25 are patentable for reasons similar to

those set forth above for claims 4, 5, 6, 9, 10, 11 and 12, respectively.

Claims 26, 27 and 28 are patent for reasons similar to those set forth above for

claims 13, 14 and 15.

Reconsideration and withdrawal of the rejection of claims 16-28 are requested

respectfully.


## Claims 29-31

Independent claim 29 includes recitations similar to those of claim 1,particularly

with respect to the single response and automatic performance of predetermined actions

in response to the single response, and is likewise patentable.

Claim 30 further includes transmitting a list of predetermined actions to the user,

and thus is patentable for reasons similar to those set forth for claim 1.

Claim 31 depends from claim 29 and is likewise patentable.

Reconsideration and withdrawal of the rejection of claims 29-31 are requested

respectfully.


## CONCLUSION

In view of the foregoing amendments and remarks, Applicants believe claims 1-

31 to be patentable and the application in condition for allowance, and request

respectfully issuance of a Notice of Allowance. If any issues remain, the undersigned

requests a telephone interview prior to the issuance of an action.

Respectfully submitted,

Date: <u>August 17, 2006</u>

Gregory S. Bernabeo
Reg. No. 44,032

Synnestvedt & Lechner LLP
2600 Aramark Tower
1101 Market Street
Philadelphia, PA 19107
Telephone: (215) 923-4466
Facsimile: (215) 923-2189